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STATE FOR EAP/MLS
STATE PASS USTR DAVID BISBEE
COMMERCE FOR 4431/MAC/AP/OPB/VLC/HPPHO
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SUBJECT: DEPUTY PRIME MINISTER PHAM GIA KHIEM'S AMCHAM LUNCHEON

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11. (SBU) Summary: Deputy Prime Minister/Foreign Minister Pham Gia Khiem delivered a less-than-spectacular performance at an off-the-record American Chamber of Commerce-hosted luncheon on March 7, 2007. Though the self-interested questions of luncheon participants were partly responsible for the quality of the event, Khiem's lackluster speech and vague answers exhibited an un-dynamic public persona which may be noticed in Washington next week. Still, Khiem did demonstrate a quiet confidence and relaxed demeanor that may serve him well in smaller audiences. EconOff attended the event along with Mainland Southeast Asia Office Director Rob Rapson. End Summary.

12. (SBU) Khiem began the AmCham luncheon with a five-minute prepared statement on Vietnam's broad goals in the coming years and U.S.-Vietnam relations. He read his remarks in English, though his pronunciation and delivery suggested only a limited command of the language. Vietnam had seen "great achievements" in all areas in 2006, particularly with WTO entry and increasing integration into the world economy. At the 10th Party Congress in 2006, Vietnam set out two important goals: to become an industrialized nation by 2020, and to become more engaged with the world. Much more needs to be done to meet both goals, he added. The primary expression of the latter goal will come with Vietnam's bid for a non-permanent seat on the UN Security Council. Asia has agreed to support this candidacy, and Vietnam looks forward to support from the United States. U.S.-Vietnam bilateral relations entered a new, fully normalized phase in the wake of President Bush's visit and PNTR status. Concluding his remarks, the DPM said that many opportunities exist for U.S. business in Vietnam and that the level of trade and investment is "far below its potential." "Your participation in our market would be warmly welcomed," he said.

Question/Answer Period

13. (SBU) After the remarks, luncheon participants posed a range of questions on economic and business matters, with about half focused on the narrow interests of the questioners. A representative of the Vietnam Safety Products and Equipment Company, for example, asked why Vietnam was not enforcing its helmet laws. Another man asked if the DPM could visit his company while in the United States. On more substantive matters, David Knapp of Motorola asked what commercial matters would figure in Khiem's U.S. trip. Khiem responded with a stock description of his agenda: 1) to deepen political and economic relations in the wake of President Bush's visit; 2) to prepare for President Triet's visit later this year; 3) to publicize

opportunities for trade and investment in Vietnam to the U.S. business community; and, 4) to visit U.S. universities and explore cooperative efforts with them. (Note: Knapp, the AmCham President, had already stated this agenda with greater specificity in his opening remarks for Khiem. End note.)

¶4. (SBU) Citigroup's Charly Maden next expressed concern that Vietnam might impose a capital gains tax on foreign investment in Vietnam in order to calm the country's capital markets. Such as tax on foreign investors would be tantamount to discrimination, he said, and any tax should be imposed on domestic investors also. Khiem responded that "Vietnam is a WTO member, so we will not have discrimination against anyone in the private sector," a statement eliciting applause. Jocelyn Tran, of MAST Industries, a manufacturing firm producing Victoria's Secret and other brands in Vietnam, urged the Ministry of Trade to put in place a system of export licenses in order to prevent self-initiated anti-dumping measures in the WTO by the United States. Such a system would help prevent the trans-shipment of Chinese goods through Vietnam; she further asked if the issue will be on Khiem's U.S. trip agenda. Khiem responded only that: "This is a very important issue with the United States administration."

¶5. (SBU) AmCham Executive Director Adam Sitkoff next asked whether several large strikes in recent days, including one involving 7,000 workers at a Japanese firm and one involving 3,000 workers at a Taiwanese firm, are causing concern in the government. Khiem, in perhaps his longest response, stated that the government is paying attention to the issue and that he knows the issue is of concern to foreign investors. Hedging, he said some of the problems at the firms are due to legitimate worker concerns, though Vietnamese workers were known to "lack discipline." The government's policy is to "work out a solution through mediation and conciliation." Finally, a BBC reporter stated that he has been asked to leave the country and asked whether Khiem agreed to a policy to eject foreign

HANOI 00000440 002 OF 002

reporters from Vietnam. Khiem asked MFA Spokesman Le Dzung to answer the question, and Dzung stated that the reporter's visa, provided in order to report on APEC and since renewed, has expired. He encouraged him to apply for a new visa.

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